A Comprehensive Study on Personal Financial Planning with Special Context to Gender Gap in Financial Planning in the Region of North India and South India

A Synopsis

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Introduction

"If We Fail to Plan, We Plan to Fail." – Benjamin Franklin

The above quote by Benjamin Franklin is applicable to all spheres of activities having a future implication where one has to decide in advance, how to achieve future goals. Planning is a primary function to all other functions of management. When it comes to Personal Financial Planning it become more important. Physiological needs of human beings can only be accomplished through squandering money as there is no other system available in contemporary world to exchange goods and services, but availability of finances is limited among the majority of people. Money is having power or worth to purchase a bundle of needs and unlimited wants.

Here, the problem of choice arises. Personal financial planning helps to reach the solution to the problem of choice.

Everyone in their life has some sort of materialistic goals to attain and have to work hard to earn for survival as well as for fulfillment of pre-defined goals. There are two aspects to this statement, first one has to work to earn and the second hidden aspect is what if your money also works for you to earn? Alternatively, it can be said that if we plan our money in an efficient manner such that along with risk management, it grows too and could fetch further returns then just saving it in your locker or as kids do in their piggy bank. This second aspect can be attained only if one is having comprehensive understanding of Personal Financial Planning.

Financial Planning is an important aspect of every individual's life. It's always said finance is the life blood of every business, it is indispensable for the growth of businesses in particular and for economy in general. Individuals comprise the base of the financial eco system of business and economy. Financial planning is not only restricted to business or corporates -planning and managing funds for business but it does include the management of one's own fund. Every individual pose some or multiple sources of earning through business, profession, job, gifts, investments in the form of profit, fees, salary, brokerage, rental income. It's important to have and adhere to a good personal financial plan to grow ones' wealth through execution of personal financial planning.

Financial Planning vary from individual to individual. A good financial plan that works wonder for one person might not be effective or that good for another individual. A good financial plan has no fixed area or boundaries defined, it will depend upon the need,

goals, risk appetite, age, income of the individual and various other factors. Money management is such an important aspect of life that everybody is doing it in their own way but to great dismay most of the Indian population do not have sound financial knowledge. Alternatively, it can be said that financial literacy rate is very low in INDIA. In 2019, All India Financial Inclusion and Financial Literacy Survey was conducted in INDIA by NCFE to observe financial literacy level of the individuals. The major findings of the survey disclosed that 27.18% have achieved minimum target score in each of the components (Financial Attitude, Financial Behavior and Financial Knowledge) of financial literacy prescribed by OCDE-INFE.

As per Global Financial Literacy **Survey 24% of the Indian adult population is financially literate** conducted by Standard & Poor Survey, 2015. The extensive survey highlights that there is a disparity among the financial literacy level across countries and India's financial literacy is lower than the worldwide average and also in comparison to BRICS nations.

Financial Literacy is defined as a combination of financial awareness, knowledge, skills, attitude and behavior necessary to make sound financial decisions and ultimately achieve individual financial well-being (OECD, 2012).
Financial Education, is defined as "The process by which financial consumers/investors improve their understanding of financial products, concepts and risks and through information, instruction and/or objective advice, develop the skills and confidence to become more aware of financial risks and opportunities, to make informed choices, to know where to go for help and to take other effective actions to improve their financial well-being" (OECD, 2005).

Its clearly evident from the above data, that Financial Literacy should be given more stress in Indian economic structure to have a booming economy.

Personal financial planning is required for both men and women. If we talk about the ground reality when it comes to managing finances males dominate the field.
According to NCFE -All India Financial Inclusion and Financial Literacy Survey in 2019, the financial literacy rate of males was 23% with contrast to 16 % of females in the year 2013, whereas male financial literacy rate was 29% and female financial literacy rate was 21% in the year 2019. It can be clearly cited that females are in backfoot when it comes to financial planning in India, in fact the gap has been widened over a span of six years by 1% inspite of getting reduced.

In todays' era, when females are being part of almost every economic activity from CEO of the conglomerates, pilots, doctors, lawyers, security guards to domestic help they are lagging behind in managing their own's fund. The social structure prevailed in India is male dominated with respect to financial planning in particular. However, financial planning is considered mandatory for women, while it's important for men.

The females started facing bias at the very outset of their conception in their mother's womb. For every 100 boys born nationally in India, 91 girls are born. It clearly depicts the gender bias prevailing in Indian society and bias spread across the life span of a female depending upon the multiple factors in Indian society.

India's economy is growing but only 20.3 % females participate in the labor force of India compared to 76.0% of men (World Bank Group "Labour Force Participation Rate, Female – India," (2020). The reason behind low engagement of females in Indian labor work force is resorted to social and cultural norms, gender gap in higher education and skill training, gender wage gap, caregiving responsibilities that fall heavily on women, lack of flexible work offerings and safety policies, additionally disguised employment of female work force in rural farming in India should also be considered.

Above statistics citations clearly reveal the gender gap prevailing in Indian society. The field of Personal Financial Planning is no more an exception to this gender gap. It is important to address the issue when the world is discussing and governments are taking various initiatives to empower women, making women financially strong through effective personal financial planning will be a stepping stone to enhance the economic and social status of females.

Financial Literacy is being given importance in the recent years basis the studies conducted in past which highlights the need of improvisation in the field of financial education. Governments of various countries introduced the Financial Literacy curriculum at various levels in their respective states. In India, financial literacy is also being given priority due to the prevalence of low financial literacy level across country and financial literacy as a subject being introduced at different level in colleges and schools. Recently, Central Board of Secondary Education has introduced Financial Literacy as a subject from Class VI. It shows the need and importance of Financial Literacy in the country as Financial Markets and Instruments have evolved dynamically in the past years and its important that masses hold a good knowledge of financial markets to tap the opportunities available. Indian financial markets become more competitive with respect to world's financial markets.

Objectives

The objective of this study to outline the current scenario of personal financial planning in North India and South India vis-à-vis special focus on gender gap in personal financial planning along with studying the impact of BFSI courses on students understanding of investment avenues pursuing financial literacy curriculum. The following are the main objective of the study:

1. To investigate about the Gender Gap in Personal Financial Planning in the region of North India and South India.

2. To investigate the understanding of the individuals working in financial sector about the financial markets, financial products and personal financial planning regime, with special reference to the individuals employed in other than financial sectors in addition to people who are self employed

3. To analyze the execution of personal financial planning of the females working in financial sector, with special reference to the females employed in other than financial sectors.

4. To analyze the ability of individuals to do effective personal financial planning as they age.

5. To study the impact of financial literacy courses on adolescents' understanding of financial markets and products.

6. To study will also aim to study the investment behavior of personnel deployed in Indian Armed Forces.

Review of Literature

Personal Financial Planning is associated with the personal financial goals, not only long-term life goals but also the basic routine financial requirements. (Warschauer, 2001)

Women's savings and debt levels are more subject to life transitions and recover more slowly and less completely than men's - British Household Panel Survey(BHPS) Westway and Mckay (2007)

As per the research done by Danes and Haberman in 2007 it is observed that Female accepted that managing money is more important for their future more than males, but males were more comfortable and assertive in making money decisions (Teen Financial Knowledge, Self- Efficacy, and Behavior: A Gender View Danes and Haberman, 2007)

It has been recognized by women that they are unable to take wise financial decisions because of lack of financial literacy. It is The number of women are very less, who are well aware of the financial markets and are capable of taking investment decisions. (Bhavesh Joshi and Anupama Sharma, 2015)

Personal financial planning process is affected by various significant demographic variables like age, education, wealth, income, marital status, gender and number of dependents in family which are closely associated with life stages (Moreschi, 2005)

Financial illiteracy spread across nations and individuals lack knowledge of even the most basic economic concepts, aspects and terminology. Notable feature of the empirical data on financial literacy is the extensive and ongoing difference in financial literacy with respect to gender (Lusardi and Mitchell, 2014)

Policymakers has prioritized the establishment and protecting economic empowerment on an equal basis for men and women have been recognized both as a basic human right as well. (GENDERNET 2011)

The gender gap in financial literacy among men and women exists across countries with development of financial markets and institutional setups as well as different social and cultural contexts (Hasler and Lusardi, 2017)

Older, single women continue to be comparatively poor as compared with older single men and older married couples viewed by Cross- National research in developed countries (Gillen and Kim, 2009)

Countries across the world cite gender differences in socioeconomic conditions as a contributing cause for gender differences in financial literacy. Four responses cite lower access and attainment in education for women and girls as a possible cause of gender differences in financial literacy (INFE Survey from 10 countries, 2011)

OECD INFE Survey data for the sub sample of respondents aged 18 to 29 highlights that gender differences are present among young generations too, even though differences are significant for fewer countries named Armenia, Ireland, Norway, Peru, Poland and UK (OECD INFE Survey ,2012)

Women are less confident when it comes to more complex issues like investing, understanding financial language and ensuring enough money for retirement. With these issues they are less confident than men (Australian Government and Financial Literacy Foundation, 2008)

Financial education in schools can advance financial capability among the young with the necessary skills and knowledge to thrive in today's financial environment (Hasler and Lusardi, 2017)

Teenage Girls and young women in India are very likely to be neither in education, employment nor training from a very early age (57% of young women aged 15-24 is neither in education, employment nor training from a very early age, compared 15% of young men (OECD, 2012a)

Research Methodology

The research methodology is the plan which is executed by the researcher in which he/she undertakes various methods and techniques to draw conclusion to meet the objectives of the research work from the samples collected or experiments being varied out. It solves the research problem scientifically and systematically.

Research methodology not only includes the statistical processing of data but also aims to find out the relevant methods and technique with apt execution to reach a fair conclusion.

Research Design

Research work can broadly be categorized in three categories: Exploratory, Descriptive and Casual. This study will be based on **Descriptive Research** under the paradigm of **Quantitative Research** methodology. Descriptive and quantitative research helps the researcher to describe the phenomenon and characteristics of population and also validate some sort of hypothesis for specific group of people or sample drawn from population under study. Quantitative measurements are used to measure, behavior, preferences, facts and other defined variables and draw a conclusion from a larger sample population. It aims to answer the questions of how much, how often, when for which answers can be expressed in numbers or some predefined scale numerals. Data can be collected through surveys, structured questionnaires, telephonic interviews etc. Questionnaire of this kind of research includes close ended questions and data is statistically processed and analyzed.

Descriptive research involves survey method to collect the responses from the respondents and the same will be used to collect the data from the respondents in the research work.

Sampling Technique

Stratified sampling and Convenience sampling technique will be used to make the sample from population to respond to revert the questionnaire. The secondary data will be collected with the help of periodicals, journals, magazines, books, websites, online statistical information provided by government through RBI, SEBI and other notable websites.

Target Population

Individuals above the age group of 15 years will be considered for the study. Students as well as working individuals will comprise the target population along with homemaker females and females working in financial sector of the economy. Study will

target both male and female respondents from north India and south India. Students' data will majorly be fetched form the state of Delhi and Haryana. Sample of males employed in Indian armed forces will also be studied with special reference to the objective of the study irrespective of their location.

Data Collection

Primary data sources and secondary data sources will be used for data collection. A structured questionnaire will be framed with close ended question to collect the primary data. A separate set of questionnaires will be designed for students and male candidates of Indian armed forces.

Questionnaire will be prepared in google forms and will be disseminated online to collect the responses.

Sample Size

A sample should be a true representative of the population under study. As per the review of literature and statistical inferences for survey research, a sample should not be that small to present the true characteristic of population. Depending upon the objectives of the study a sample size of 500 respondents will seems to be suitable for study.

Significance of the study

The perspective of the study will be broader. Study will aim to find the gender gap in personal financial planning in the region of North India and South India. Study will give an insight that how gender bias still persist in the field of personal financial planning. Study will also thrive to put spotlight on the understanding level of students who undergone some sort of financial curriculum. It will also help to chalk out that weather any difference is there in the financial understanding of the students with compare to their counterparts who have not studied financial curriculum. Study will also investigate that weather individuals get improved in personal financial planning as they age and get more experienced in handling finances. Indian armed forces the pillar of nations' security , integrity and sovereignty will also be considered in this study as how they manage personal financial planning pattern. Is there any specific need of Indian Armed Forces to get training on Financial Literacy together with the various other sections of the society? The study will try to answer this important question and will help policymakers to get remedial steps as well suggest the area of improvements in the present structure.

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